

direct the enforcement of the loan and its related security package. In addition, a bank may act as agent for the lenders of a loan. In such cases, the relevant originator is dependent upon the actions taken by the agent on behalf of the lenders. Accordingly, the ability of the Issuer to direct the exercise of remedies and enforcement actions against such an Obligor will similarly be limited in the event that the Issuer attempts to take action under any power of attorney granted by any originator from which the Issuer has purchased the related Collateral Obligation.

Risks of Investing in Loans and Participation Interests

The Issuer may acquire interests in loans either directly by assignment from the Selling Institution or, in certain instances, indirectly by purchasing a Participation Interest from the Selling Institution. Holders of Participation Interests are subject to additional risks not applicable to a holder of a direct interest in a loan. Participations by the Issuer in a Selling Institution's portion of a loan typically result in a contractual relationship only with such Selling Institution, not with the borrower. In the case of a Participation Interest, the Issuer will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the Selling Institution and only upon receipt by such Selling Institution of such payments from the borrower. By holding a Participation Interest in a loan, the Issuer will generally have no right to enforce compliance by the borrower with the terms of the loan agreement, nor have any rights of set-off against the borrower, and the Issuer may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the Issuer will assume the credit risk of both the borrower and the Selling Institution, which will remain the legal owner of record of the applicable loan. In the event that the Selling Institution becomes insolvent, the Issuer, by owning a Participation Interest, may be treated as a general unsecured creditor of the Selling Institution, and may not benefit from any set-off between the Selling Institution and the borrower. In addition, the Issuer may purchase a participation from a Selling Institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation Interest in a loan it will not have the right to vote under the applicable loan agreement, and it is expected that each Selling Institution will reserve the right to administer the loan as it sees fit and to amend the documentation evidencing such loan in all respects. Selling institutions voting in connection with such matters may have interests different from those of the Issuer and are not obligated to consider the interests of the Issuer.

Certain loans or Participation Interests acquired by the Issuer may be governed by the law of a jurisdiction other than a United States jurisdiction. There are risks associated with purchasing a loan or a Participation Interest under an agreement governed by the laws of a jurisdiction other than a United States jurisdiction, including characterization under such laws of such Participation Interest or sub-Participation Interest in the event of the insolvency of the Selling Institution or the insolvency of the Selling Institution from whom the grantor of the sub-Participation Interest purchased its Participation Interest. See also "—Certain Risks of Infrastructure Debt—Sovereign Risk" below.

The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assigning Selling Institution and becomes a lender under the loan agreement with respect to that loan. As a purchaser of a loan by assignment, the Issuer will generally have the same voting rights as the other lenders under the applicable loan agreement, including the right to vote to waive breaches of covenants or to enforce compliance by the borrower with the terms of the loan agreement, and the right to set-off claims against the borrower and to have recourse to collateral supporting the loan. Assignments are, however, typically arranged through private negotiations and in certain cases the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning institution. Assignments and participations are sold strictly without recourse to the Selling Institutions, and the Selling Institutions will generally make no representations or warranties about the underlying loan, the borrowers, and the documentation of the loans or any collateral securing the loans. In addition, the Issuer will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower. Because of various factors including confidentiality provisions, the unique and customized nature of the loan agreement and the private syndication of the loan, loans are not purchased or sold as easily as publicly-traded securities.